

PROactive

Pre Retirement Opportunities for proactive employees

Office of Retirement Services, Fall 2007

In This Issue

- Here's what we do for you
- 3 things we need to know about you
- It's never too early or too late to plan for retirement
- What stage are you?

Rev Up Your Retirement

Rev up your retirement planning by avoiding these retirement myths.

Myth #1: I'm too young to worry about retirement. You're never too young – the sooner you begin planning for retirement, the better off you'll be in the long run.

Myth #2: I won't need much to live on. Experts estimate on average, to maintain your standard of living in retirement, you'll need 70 percent of your preretirement income.

Myth #3: My kids will take care of me. Most children want to lend their aging parents a hand, but simply can not afford to.

Myth #4: Social Security will take care of me. You can start collecting Social Security at age 62, but those benefits are only a percentage of your preretirement income.

Myth #5: I can't afford to set aside money for retirement. The truth is, you can't afford not to. Employer sponsored savings plans, such as a 401(k) or 403(b), are a great way to rev up your retirement savings.

This newsletter is brought to you by the Department of Management and Budget, Office of Retirement Services.

The purpose of *PROactive* is to offer ideas and retirement updates to help you plan for a successful financial future.



Here's what we do for you

ORS director speaks about services to help you succeed

As a division of the state's Department of Management and Budget, the Office of Retirement Services (ORS) administers retirement plans for Michigan's state and public school employees, judges, and state police.

It is our job to keep track of your wages, service credit, and personal contributions and report these figures to you in your annual *Member Statement* that is enclosed with this newsletter. In addition, we administer your pension, keep track of your beneficiary designation, and provide staff to answer your questions via online services, seminars, webinars, publications, and direct customer service.

Maybe you're just entering the workforce, maybe you're in the middle of your career, or maybe you're getting ready to retire. No matter what stage of life you're in, we're here to support your retirement-related needs.

And for that very reason, we've created this newsletter for you. In addition to our existing online and print resources we felt it was important to give you even more support toward planning and reaching a secure financial future. It is our goal to provide you with a variety of preretirement opportunities and information to assist you in building a nest egg big enough to support yourself, and perhaps your family, in retirement.

No matter what you do, start early, stay on course, and always use our online and print resources to help guide you toward a safe and secure financial future.

Thank you.

Phil Stoddard, Director, Office of Retirement Services



"A happy and healthy retirement is our wish for you." Phil Stoddard

Check us out!
Visit us online for detailed **plan information**, to estimate your **future pension**, and to check out our **cool publications**.

3 things we need to know about you

Not sure what needs to be reported? Here we list the top three situations that would require contact with ORS. Please use it as a general guide only. Details about reporting these and other life events, as well as forms you'll need, can be found online or by contacting ORS.

Death. If you die while an active member of the retirement system, your survivor should contact ORS right away. ORS will ask for your social security number to identify the retirement account and request a copy of your death certificate. Your record will then be reviewed to determine what, if anything, is payable.

Divorce. If the court orders that a portion of your pension be paid to an alternate payee, such as your former spouse, the order (known as an Eligible Domestic Relations Order, or EDRO) must contain specific information in a specific format, and must be on file with ORS prior to your retirement effective date. Also, you will need to change your *Beneficiary Designation* if you divorce.

Marriage & Dependents. Be sure to keep a current *Beneficiary Designation* form on file with ORS and notify ORS immediately if your beneficiary designation changes.

Be proactive!
Make sure you've got a current **Beneficiary Designation form** on file with us.

It's never too early or too late to plan for retirement

Whether you are retiring next year or in the next 10 to 20 years, planning now is key to a successful retirement.



Most financial planners recommend you have a retirement income equal to 70 percent of your working income.

Unfortunately, research shows that one-third of all workers aren't saving anything for retirement and those who are don't have nearly enough to retire.

Consider the "three-legged stool" approach to retirement planning: one leg is your social security benefits, one leg is your employer-sponsored pension, and one leg is your personal savings. All three are vital to a stable retirement.

Web Resources for Retirement Planning

www.michigan.gov/orsschools. The Michigan Public Schools Retirement System's website contains a wealth of information about your retirement benefits, purchasing service credit, a benefit estimator, and other online learning tools.

www.ssa.gov. Understand what you'll receive from the Social Security Administration, and when.

www.bc.edu/centers/crr. Boston College's Center for Retirement Research.

www.choosetosave.org/ballpark. "The Ballpark E\$timate," an easy-to-use, easy-to-understand, two-page worksheet that helps you quickly identify how much you need to save for a comfortable retirement.

If you're early-career ...

- Make a plan and set your retirement goals.
- Save as much as you can, as soon as you can. If your employer offers a savings plan, such as a 403(b), this is a good place to start.
- Consider purchasing service credit—explore advantages early in your career.
- Name a beneficiary and file the form with ORS.

If you're mid-career ...

- Review your retirement goals and make sure you're still on course to meet your goals—adjust as necessary.
- Continue participation in any employer sponsored savings plans.

If you're 5 years from retirement ...

- Complete service credit payments before you retire—be sure you're on target to pay in full while you're still working.
- Review your pension plan with an ORS representative to ensure you fully understand it.
- Check out catch up provisions IRS offers to savers age 50 and older.

If you're 2 years from retirement ...

- Review your service credit totals for accuracy, and consider whether any credit for refunded service, military service, or other service is available.
- Estimate your retirement pension using our online estimator.
- Attend an ORS preretirement information meeting.
- Request an estimate of your retirement benefits from the Social Security Administration.

If you're 6 months from retirement ...

- Request a retirement packet—review all documents carefully.
- Visit the Ready to Retire section on our website to calculate your pension amount and review final steps to apply for your pension.

What stage are you?

No matter what stage of your career—we've got a publication for you. The following are available on the ORS website, or you can email or phone ORS for a copy.

Your Retirement Plan: A Member Handbook. This plan overview is a useful reference at any stage in your career. It provides general information about your retirement plan, as well as suggestions for long-term retirement planning.

Enhancing Your Pension: Earning and Purchasing Service Credit. For members who are interested in increasing their pension amount, or qualifying earlier, by adding to their service credit. The booklet includes details on the types of service credit available, how to apply, and different ways to pay.

Go online for these publications and much more!

Retirement Readiness: A Two Year Countdown. For plan members who are within a few years of retiring.

This book contains specifics on how pensions are calculated, the various payment options, how to prepare for retirement, and the application process.

After You Retire: What Every Pension Recipient Should Know. You will receive this booklet when you apply for your pension. It tells you what to expect, and how and when you should contact ORS after your retirement benefits begin.

Leaving Public School Employment: Effects on Your Pension. For members who are terminating employment before retirement age. This brochure helps you choose what to do with your accumulated retirement benefits.